

REASON SIX

By Jeff Vanek

Big Business in Small Communities

Economic Development in Rural Utah



ONE OF UTAH'S INNATE STRENGTHS is the quality of life that can be found in its rural regions. It may be a romanticized pastoral lifestyle, and in recent years more people are choosing to live in rural areas. However, there must also be economic viability if those areas are going to be feasible choices for people to live.

One of the major challenges that rural Utah in the past had in attracting businesses is the distance required for travel and transportation. "We would always run into that transportation barrier of distance, and that would kill a lot of deals," says Les Prall, a member of the Governor's Office of Economic Development (GOED) Rural Development team. The state has found ways to overcome those obstacles, though, through the Smart Site program, recognized by the U.S. Department of Commerce as the most innovative economic development initiative in America.

Through the Smart Site program, businesses use computers and the Internet to perform services for clients anywhere in the world, thus eliminating the need to be located next to an airport or major transportation route. The program was able to surmount the transportation barrier by concentrating on businesses in the computer/IT, data processing or telecommunications industries. More than 1,000 jobs have been created by 50 Smart Site companies. These jobs are usually higher paying than those generally available in the rural areas in which the companies are located.

RURAL BYTES

Numerous companies can be cited as examples of the success the Smart Site Program has generated. As an example, The Illusion Academy of Mount Pleasant, in Sanpete County, illustrates the diversity of businesses that are technology-based or use technology to deliver their product or service to clients. The company produces graphic designs for clients such as Disney, Warner Brothers, the Home Depot and Gillette and continues to grow in its

number of employees and clients while remaining in its rural setting.

Information Alliance, in North Logan is a data collection and market research firm specializing in studies that require expertise in computer, medical, agricultural and other specialized domain areas. The company has grown to employ more than 300 employees and has teamed up with Vision Communication, another rural based company located in Blanding. This joint venture has created significant employment opportunities for San Juan County, where Vision Communication is located.

Steton based in St. George, is yet another example of a successful Smart Site initiative. With clients that include Tyson Foods, TGI Friday's and General Mills, Steton produces software for handheld computer devices used to monitor adherence to quality and safety regulations. Education can also be delivered more efficiently to rural regions using technology. Education in general is a significant factor in economic development, according to Gayle McK-

eachnie, rural affairs coordinator for GOED and former lieutenant governor of Utah. "It may not be sexy, but if we can raise the educational level of the average citizen in rural Utah, that will translate into more entrepreneurs, more startup companies and higher-paying jobs. These all come as a result of a better educated populace."

Utah State University, the state's land grant university, is a good example of an institution working to make education accessible to rural areas of the state. Although USU's main campus is located in Logan, nearly a third of its students take extension courses taught in rural Utah locations such as Tootle, Brigham City, Roosevelt, Vernal and Ephraim. McKeachnie has challenged all institutions of higher learning to meet the educational needs of rural Utah.

A STATE AFFAIR

In its efforts to continue economic development in rural Utah, the state's legislature created the Governor's Rural Partnership Board last

year. Co-chaired by Jeff Packer, a businessman in Brigham City, and Lt. Governor Gary Herbert, its purpose is to identify rural economic priorities. The board serves as a central point for information gathering and coordinating priorities for rural economic development. "We want input from those who are out there in the communities," Packer says. "We are looking for those things that can be applied statewide to benefit rural companies. If someone out there has an idea on how we can change things for the better, we want to hear it."

The Governor's Rural Partnership Board is addressing a number of key issues, one of which is the governor's Economic Cluster Initiative (see clusters feature in this issue). Economic clusters are groups of related businesses and organizations within industry sectors whose collaboration can result in sustainable advantages for local economies and the state. The current designated clusters include Life Sciences, Software Development and Information Technology, Aerospace, Defense and Homeland Security, Financial Services, Energy and Natural Resources, as well as "competitive accelerators" in areas that support those clusters. The board is exploring the value that can be created for rural businesses by tying them to these clusters.

"One of the best things we can do for one of our rural-based com-

panies is to integrate them into the broader network of businesses that make up these cluster areas," says Ed Meyer, former director of GOED's Rural Development Program.

"Often, these businesses are out there by themselves," says Prall. "By being able to connect with a broader network of businesses, they will be light years ahead of where they are currently."

One of the biggest impacts on rural economic development in Utah may be in the Energy and Natural Resources cluster. Located primarily in the eastern part of the state, Utah's oil shale reserves are some of the largest in the world. As energy prices rise, these reserves are becoming economically feasible for development. Because of the size and nature of these resources, the governor's office has created a department specifically to work with this issue.

State officials over Utah's rural communities must also consider the coordination of public lands use when contemplating economic development. Tourism is one of the state's key industries for income, and a great deal of boating, hiking, biking and camping in Utah takes place on public lands. Other industries such as mining and agriculture also rely on the use of public lands. "Being able to make a living in those rural communities often depends on how you can get along with the Bu-

reau of Land Management, the Forest Service or the National Parks," says McKeachnie "One of the things that the new administration has done is to create the Public Land Policy Coordinating Office to deal on behalf of the state with those federal land agencies, so that the state is speaking with one voice."

SMALL TOWNS, BIG ISSUES

Rural companies also worry about availability of health insurance for both employees and employers. The cost of health insurance can be a significant block to economic growth in rural areas. Rural companies often have fewer employees, which often makes group health insurance plans prohibitively expensive for them. Smaller companies that are trying to grow and need additional employees are put at a significant disadvantage when they are unable to offer health insurance benefits.

Another major issue that the state's rural companies confront is the use of technologies for delivering services to remote customers. Meyer gave the example of an entrepreneur in Boulder, Utah who has to make a three-hour drive if he wants to visit the closest Small Business Development Center, located in Cedar City. "We are working with our rural entrepreneurs to find solutions to the health care conundrum, the use of technology, and other major concerns," says Meyer. "There are a lot of resources out there to support rural entrepreneurs, and the way they are delivered can be improved so that they are more accessible. For example, Web-based conferencing is a good example of one such technology."

With more people choosing to live in rural regions, the state is focusing resources that will help stimulate economic development. Not only do rural areas provide quality of life, but they are rich in resources that benefit the entire state. Those who work in GOED and entrepreneurs in rural Utah recognize this and are working together to take the steps necessary to foster positive results.



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